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BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES

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*Ex parte* PAUL BILIBIN and  
JINYUE LIU

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Appeal 2009-012315  
Application 09/685,077  
Technology Center 3600

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Decided: January 21, 2010

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Before MURRIEL E. CRAWFORD, HUBERT C. LORIN, and  
BIBHU R. MOHANTY, *Administrative Patent Judges*.

LORIN, *Administrative Patent Judge*.

DECISION ON APPEAL

## STATEMENT OF THE CASE

Paul Bilibin, et al. (Appellants) seek our review, under 35 U.S.C. § 134 (2002), of the final rejection of claims 1-7, 58-62, 66, 70-74, 78, 79, and 83. We have jurisdiction under 35 U.S.C. § 6(b) (2002).

## SUMMARY OF DECISION

We AFFIRM-IN-PART.<sup>1</sup>

## THE INVENTION

The invention relates to the management of the shipping of parcels.

Claim 1, reproduced below, is illustrative of the subject matter on appeal.

1. A shipping management computer system, said shipping management computer system comprising at least one computer device, wherein said shipping management computer system is programmed to:

(A) receive, via a first remote user client computer device of a plurality of-remote user client computer devices, a first input from a first user associated with the first remote user client computer device, said first input comprising a first set of parcel specifications for a first parcel, wherein the shipping management computer system is operable to associate a first user-specific origin identifier with the first user, wherein the first user accesses the shipping management computer system via a global communications network via the first remote user client computer device, wherein the first remote user client computer device is adapted for communication via the global

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<sup>1</sup> Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed Sep. 21, 2006) and Reply Brief ("Reply Br.," filed Apr. 22, 2009), and the Examiner's Answer ("Answer," mailed Dec. 9, 2008).

communications network, and wherein the first set of parcel specifications comprises a first set of physical dimensions of the first parcel and a first physical weight of the first parcel; and

(B) in response to the first input:

(1) apply a respective set of carrier-specific dimensional weight calculation rules, for each respective carrier of a plurality of carriers, to the first set of parcel specifications to calculate a respective carrier-specific dimensional weight according to the first set of physical dimensions of the first parcel in view of the first physical weight of the first parcel; and

(2) apply a respective set of carrier-specific billable weight rules, for each respective carrier of the plurality of carriers, to the first set of parcel specifications to determine a respective carrier-specific billable weight of the first parcel for the respective carrier, wherein the respective carrier-specific billable weight of the first parcel for the respective carrier is selected from a group consisting of : the physical weight of the first parcel, the respective carrier-specific dimensional weight of the first parcel for the respective carrier calculated in step (B)(1), a respective carrier-specific oversize weight of the first parcel, and a respective carrier-specific letter weight.

## THE REJECTIONS

The Examiner relies upon the following as evidence of unpatentability:

Jenson	US 5,331,118	Jul. 19, 1994
Nicholls	US 5,485,369	Jan. 16, 1996
Barns-Slavin	US 5,995,950	Nov. 30, 1999
Kara	US 6,233,568 B1	May 15, 2001

The following rejections are before us for review:

1. Claims 58-62, 66, 70, 71, 72, and 73 are rejected under 35 U.S.C. §101 as being directed to non-statutory subject matter.

2. Claims 1-5, 58, 59, 70, and 72 are rejected under 35 U.S.C. §102(b) as being anticipated by Nicholls.
3. Claims 7, 71, 73, 78, and 83 are rejected under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Kara.
4. Claims 6, 60, and 61 are rejected under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Barns-Slavin.
5. Claims 62, 66, 74, and 79 are rejected under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Jenson.

### ISSUES

The first issue is whether the subject matter of claims 58-62, 66, and 70-73 passes the *Bilski* [*In re Bilski*, 545 F.3d 943, 961 (Fed. Cir. 2008) (en banc)] test such that the claimed processes are statutory under 35 U.S.C. §101.

The second issue is whether the Appellants have shown error in the rejection of claims 1-5, 58, 59, 70, and 72 under 35 U.S.C. §102(b) as being anticipated by Nicholls; the rejection of claims 7, 71, 73, 78, and 83 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Kara; the rejection of claims 6, 60, and 61 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Barns-Slavin; and, the rejection of claims 62, 66, 74, and 79 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Jenson.

### FINDINGS OF FACT

We rely on the Examiner's factual findings stated in the Answer (Answer 3-6).

## PRINCIPLES OF LAW

### *§ 101 - Patentable Subject Matter - Process*

[T]he proper inquiry under § 101 is not whether the process claim recites sufficient “physical steps,” but rather whether the claim meets the machine-or-transformation test. [fn]25 As a result, even a claim that recites “physical steps” but neither recites a particular machine or apparatus, nor transforms any article into a different state or thing, is not drawn to patent-eligible subject matter. Conversely, a claim that purportedly lacks any “physical steps” but is still tied to a machine or achieves an eligible transformation passes muster under § 101.

*In re Bilski*, 545 F.3d 943, 961 (Fed. Cir. 2008) (en banc).

### *Anticipation*

“A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference.” *Verdegaal Bros., Inc. v. Union Oil Co. of Cal.*, 814 F.2d 628, 631 (Fed. Cir. 1987).

### *Obviousness*

Section 103 forbids issuance of a patent when ‘the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.’

*KSR Int’l Co. v. Teleflex Inc.*, 550 U.S. 398, 406 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, and (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also* *KSR*, 550 U.S. at 407 (“While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the

inquiry that controls.”) The Court in *Graham* further noted that evidence of secondary considerations “might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented.” *Graham*, 383 U.S. at 17-18.

## ANALYSIS

Claims 1-7, 58-62, 66, 70-74, 78, 79, and 83 which are on appeal consist of claims directed to a shipping management system (claims 1-7, 74, 78, 79, and 83, of which claims 1-3 are the independent claims) and a method for managing shipping of a plurality of parcels shipped by any one of a plurality of carriers (claims 58-62, 66, and 70-73, of which claim 58 is the independent claim).

*The rejection of claims 58-62, 66, and 70-73 under 35 U.S.C. §101 as being directed to non-statutory subject matter.*

According to the Examiner, the claims are directed to nonstatutory subject matter because the processes claimed “do not limit any process step to any specific machine/apparatus or transformation of an article.” Answer 3. The Examiner points out that an applicant may show a process claim satisfies the *Bilski* machine-or transformation test, and thus be statutory under § 101, “either by showing his claim is tied to a particular machine or by showing that his claim transforms an article.” Answer 3. However, as the Examiner correctly explains (Answer 3), the particular machine to which the claimed process is tied and/or the transformation that occurs must impose meaningful limits of the claims’ scope and must not be insignificant extra-solution activity. In that regard, the Examiner states that

the limitation [in the claims] of receiving data from a first computer of a plurality of computers is simply collecting or gathering data to be processed. Therefor the step of collecting data is simply insignificant

extra solution activity since it does not impose any meaningful limits on the claim.

Answer 3.

We will sustain the rejection as to claim 58-62, 66, and 70 and 72, but not as to claims 71 and 73.

We begin by construing the claims. *Cf. State St. Bank & Trust Co. v. Signature Fin. Group*, 149 F.3d 1368, 1370 (Fed. Cir. 1998) (“[W]hether the ... patent is invalid for failure to claim statutory subject matter under § 101[ ] is a matter of both claim construction and statutory construction.”)

According to the preamble of claim 58, the sole independent process claim, the claimed invention is directed to a method “for managing shipping of a plurality of parcels shipped by one of a plurality of carriers.” The claim term “parcels” covers letters or boxes. *See* Specification 15:2-4. The preamble also indicates that the process “us[es] a computer.”

Claim 58 then lists three steps that the claimed method comprises.

The first step can best be described as a data gathering step whereby a parcel’s size and weight are used to later determine a carrier’s specific dimensional and billable weight for the parcel. The first step is directed to a first parcel to be shipped to a first user. The first step is “receiving, via a first remote user client computer device of a plurality of remote user client computer devices, a first input.” According to the claim, the first input comprises a set of physical specifications for the first parcel to be shipped to the first user, the physical specifications being its physical weight and either its physical dimensions or its type. Accordingly, the first step of claim 58 covers simply, inputting a letter’s size and weight. Since size and weight are normally represented by numbers and the claim term “input” covers using a keyboard (*see* Specification 33:22-23), this step reasonably broadly covers



typing in numbers, the exact numbers being nonfunctional descriptive material. *See In re Ngai*, 367 F.3d 1336, 1339 (Fed. Cir. 2004). *Cf. In re Gulack*, 703 F.2d 1381, 1385 (Fed. Cir. 1983).

Turning now to the second and third steps, these are directed to a first carrier and occur in response to the first input (*i.e.*, the typing in of numbers for the size and weight of the first parcel to be shipped to the first user). The second and third steps are “calculating a carrier-specific dimensional weight” and “determining a first carrier-specific billable weight of the first parcel for the first carrier,” respectively. They involve the use of carrier-specific rules.

In the second step, the carrier-specific dimensional weight is calculated “according to a first set of *carrier-specific dimensional rules*, in view of the first set of physical specifications about the first parcel.” The Specification does not provide an express definition for “dimensional weight” per se but it does make it clear that it is a value linked to a particular package’s physical dimensions and weight. *See* Specification 2:21-22. According to the claim, the carrier-specific dimensional weight is calculated based on *carrier-specific dimensional rules*. However, neither claim 58 nor the Specification explains what the carrier-specific dimensional rules are. The Specification merely states they exist and are accessible. *See* Specification, *e.g.*, 38:2-7; 53:1-7; 54:18-25. Also, neither claim 58 nor the Specification explains how to calculate the carrier-specific dimensional weight when given such rules. The Specification simply states that such a calculation is made. *See* Fig 36b, box 3023 (“Calculate dimensional weight”), and associated disclosure at 58:13-27. Given this lack of explanation, it leaves open the possibility that the carrier-specific

dimensional rules could call for operations that merely repeat the specific numbers that were initially inputted as the first parcel's actual size and weight. Since the calculation need not yield a first carrier's specific dimensional weight that is any different from the inputted parcel size and weight, the second step reasonably broadly covers using carrier-determined rules to make a calculation per se.

In the third "determining" step, the first carrier's carrier-specific billable weight for the first parcel is *selected* "according to a first set of carrier-specific billable weight rules" from among:

- "the physical weight of the first parcel;"
- "the first carrier-specific dimensional weight of the first parcel for the first carrier" (*see* the second step of the claimed method discussed above);
- "a first carrier-specific oversize weight of the first parcel;" and,
- "a first carrier-specific letter weight."

Again, neither claim 58 nor the Specification explains what these carrier-specific billable weight rules are. *See* Fig 36b, box 3024 ("Determine billable weight: actual weight, dimensional weight, oversize weight, or letter weight"), and associated disclosure at 58:13-27. Nevertheless, as claim 58 words the third step, the first carrier-specific billable weight of the first parcel for the first carrier can be equated to "the physical weight of the first parcel." This step is like the second step in that it is based on unknown carrier-determined rules. This step is unlike the second step in not requiring that a calculation be made. Simply selecting the inputted parcel weight satisfies the step's determining of the first carrier's carrier-specific billable weight for the first parcel.

Putting it all together, the broadest reasonable construction of claim 58 as it would be interpreted by one of ordinary skill in the art at the time of the invention is that the claimed method is one comprising (a) typing in the size and weight for a first parcel (*e.g.*, a letter) to be shipped to a first user, (b) calculating a first carrier's carrier-specific dimensional weight for the first parcel based on the size and weight of the parcel and carrier-determined rules, and (c) using the first parcel's weight as the first carrier's carrier-specific billable weight for the parcel. According to claim 58, these steps "manag[e] shipping of a plurality of parcels shipped by one of a plurality of carriers" (preamble of claim 58).

The test, for determining whether a claimed process is statutory under § 101, is the *Bilski* machine-or transformation test (*see supra*). Both the machine and transformation prongs are at issue.

We turn first to the machine prong.

#### *Machine prong*

The machine prong of the *Bilski* machine-or-transformation test is satisfied by showing that a claimed process is "tied to a particular machine." *Bilski*, 545 F.3d at 954. Claim 58 recites the phrase "using a computer system" in the preamble and then, in the first step, the phrase "receiving, via a first remote user client computer device of a plurality of remote user client computer device, a first input." In neither phrase is there a "particular" machine described. At best, these phrases imply the use of a general purpose computer.

These "computer" phrases indicate to those of skill reading the claim that the steps in the claimed process involve the use of a computer. Whether an indication in a process claim to the use of a computer is sufficient to tie

the process to a “particular” machine and thereby satisfy the machine prong of the *Bilski* machine-or-transformation test for a claimed process to pass §101 muster is an open legal question.<sup>2</sup> But we find that, in this case, the recitation of these phrases are insufficient to tie the process to a “particular” machine.

As we have reasonably broadly construed it (*see supra*), claim 58 is drawn to a series of computer-implemented steps of gathering data about a first parcel’s size and weight and then using rules (of which we know nothing) to “calculate” and “select” a first carrier’s carrier-specific dimensional and billable weights for that first parcel, respectively, based on the gathered data.

If we set aside the “computer” phrases, claim 58 broadly covers measuring a parcel’s size and weight and attaching to them carrier-specific dimensional and billable weight labels according to unspecified calculating rules. Since nothing is transformed, such a process would not be patentable. One might argue that the calculating rule in the second “calculating” step implies that a mathematical algorithm is used. But that would not necessarily make the process patentable.

The *Diehr* Court stated:[W]hen a claim containing a mathematical formula implements or applies that formula in a *structure* or process which, when considered as a whole, is performing a function which the patent laws were designed to protect ( *e.g., transforming or reducing an article to a different state or thing* ), then the claim

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<sup>2</sup> “We leave to future cases the elaboration of the precise contours of machine implementation, as well as the answers to particular questions, such as whether or when recitation of a computer suffices to tie a process claim to a particular machine.” *Bilski*, 545 F.3d at 962.

satisfies the requirements of § 101.” 450 U.S at 192, 101 S.Ct. 1048 (emphases added).

*Bilski*, 545 F.3d at 956, n. 12. Here, whether or not one would construe the carrier’s calculation rules as mathematical algorithms, they are not employed in a process for transforming or reducing an article to a different state or thing. They are implemented to provide a parcel with carrier-specific dimensional and billable weights based on data gathered about a parcel’s size and weight. (The first data-gathering step would not impart patentability to the process because “[t]his court and our predecessor court have frequently stated that adding a data-gathering step to an algorithm is insufficient to convert that algorithm into a patent-eligible process.” *Bilski*, 545 F.3d at 963.) The determinations of carrier-specific dimensional and billable weights are for the carrier’s purpose. While the underlying parcel is physical, determining carrier-specific weights via unknown rules/algorithms does not transform the parcel in any physical way. Rather, the process leads to the carrier specifying a value for the parcel. While the process may transform the parcel’s value to a carrier, the parcel itself is never transformed. The process amounts to transforming a parcel’s size and weight into carrier-determined weights that are of value to the carrier. This sort of transformation which involves no physical object would appear to involve an abstraction instead. *Cf. Bilski*, 545 F.3d at 943:

Purported transformations or manipulations simply of public or private legal obligations or relationships, business risks, or other such abstractions cannot meet the machine-or-transformation test to determine patent-eligibility of process claims, because they are not physical objects or substances, and they are not representative of physical objects or substances.

The question now is whether the phrases “using a computer system” in the preamble and “receiving, via a first remote user client computer

device of a plurality of remote user client computer device, a first input” in the first step render patent-eligible the otherwise unpatentable process of transforming a parcel’s size and weight into carrier-determined weights that are of value to the carrier. We do not think so.

Given that claim 58 recites no other structure in the body of the claim, the “computer” phrases amount to nominal recitations of structure. Albeit the phrases tie the claimed process to a computer per se, they do not tie the process to any particular computer. Given that the process in the body of claim 58 is not patent-eligible, we do not consider the addition of these nominal recitations of a computer in claim 58 to be more than token recitations. To elevate such token recitations of a computer to that of a “particular” machine that would satisfy the machine prong of the *Bilski* machine-or-transformation test would be to permit clever drafting of process subject matter not contemplated by the case law and to exalt form over substance in determining whether the claimed process passes §101 muster. *Cf. Ex parte Langemyr*, 89 USPQ2d 1988 (BPAI 2008) (informative):

Nominal recitations of structure in an otherwise ineligible method fail to make the method a statutory process. *See Benson*, 409 U.S. [63,] 71-72. As *Comiskey* recognized, “the mere use of the machine to collect data necessary for application of the mental process may not make the claim patentable subject matter.” *Comiskey*, 499 F.3d at [1365,] 1380 (citing *In re Grams*, 888 F.2d 835, 839-40 (Fed. Cir. 1989)). Incidental physical limitations, such as data gathering, field of use limitations, and post-solution activity are not enough to convert an abstract idea into a statutory process. In other words, nominal or token recitations of structure in a method claim do not convert an otherwise ineligible claim into an eligible one. To permit such a practice would exalt form over substance and permit claim drafters to file the sort of process claims not contemplated by the case law. *Cf., Flook*, 437 U.S. [584,] 593 (rejecting the respondent’s assumption that “if a process application implements a principle in some specific fashion, it

automatically falls within the patentable subject matter of § 101,” because allowing such a result “would make the determination of patentable subject matter depend simply on the draftsman’s art and would ill serve the principles underlying the prohibition against patents for ‘ideas’ or phenomena of nature.”). In this case, we decline to allow clever claim drafting to circumvent the principles underlying the Supreme Court’s interpretation for “process.” The only recitation of structure is in the nominal recitation in the preamble citing a “method executed in a computer apparatus.” This recitation is so generic as to encompass any computing system, such that anyone who performed this method in practice would fall within the scope of these claims. Thus, the recitation of a computer apparatus in the preamble is not, in fact, a limitation at all to the scope of the claim, and the claim is directed, in essence, to the method performed by any means. As such, we fail to find that this recitation alone requires the claimed method to include a particular machine such that the method qualifies as a “process” under § 101. We will not allow such a nominal recitation in the preamble to convert an otherwise ineligible claim into an eligible one.

For the foregoing reasons, we do not find that the subject matter of claim 58 passes the machine prong of the *Bilski* test.

We have reviewed the Appellants’ arguments regarding the machine prong but do not find them persuasive.

Taking claim 58 as representative, the Appellants argue that the recitation of “receiving, via a first remote user client computer device of a plurality of remote user client computer device, a first input” in the first step of the claim is not insignificant extra-solution activity but is a foundational activity for the claimed process that ties the process to the specified computer. Reply Br. 9-11. The Appellants’ argument is not persuasive. For the foregoing reasons, we find instead that the “computer” phrases recited in the claim are token recitations of a computer that are insufficient to tie the claimed process to a particular machine.

A similar argument is made with respect to claims 71 and 73. Reply Br. 13-14. These claims further limit the claimed method by adding steps for generating an online comparison display to a first display monitor operable with the first remote user client computer device. Here the method is clearly tied to an apparatus; that is, a display monitor operable with the first remote user client computer device to be used to generate an online comparison display. The display and the first remote user client computer device to which the display is operably connected are not token recitations but are necessary specific machines for generating an online comparison display. We will therefore not sustain the rejection under §101 of these claims as the processes claimed in these claims pass the machine prong of the *Bilski* test.

*Transformation prong*

“A claimed process is patent-eligible if it transforms an article into a different state or thing. This transformation must be central to the purpose of the claimed process.” *Bilski*, 545 F.3d at 954. The question here is whether the processes claimed in claims 58-62, 66, 70, and 72 “transform[ ] an article into a different state or thing.” We find that they do not.

Nowhere in these claims is there any mention of an article of manufacture. See *In re Nuijten*, 515 F.3d 1361 at 1362 (Fed. Cir. 2008) for the legal definition for “manufacture.” We see nothing in the claims that one of ordinary skill could interpret as being an article of manufacture as that is legally defined. Accordingly, the claims cannot be said to transform an *article* into a different state or thing.



The Appellants argue that the process of claim 58 does indeed perform a transformation. Reply Br. 11-12. According to the Appellants, the method claimed “[transforms] data that represents physical, tangible objects.” Reply Br. 12. “Claim 58 claims transformation of the physical data, claiming calculating a carrier-specific dimensional weight in view of the physical specifications, and determining a carrier-specific billable weight.” Reply Br. 12.

The Appellants correctly point out that the transformation prong of the *Bilski* test may apply to electronic data representative of tangible objects. However, to pass the transformation prong the claimed electronic data must, at a minimum, *represent* the underlying tangible object.

Our predecessor court’s mixed result in *Abele* [*In re Abele*, 684 F.2d 902 (CCPA 1982)] illustrates this point. There, we held unpatentable a broad independent claim reciting a process of graphically displaying variances of data from average values. *Abele*, 684 F.2d at 909. That claim did not specify any particular type or nature of data; nor did it specify how or from where the data was obtained or what the data represented. *Id.*; see also *In re Meyer*, 688 F.2d 789, 792-93 (CCPA 1982) (process claim involving undefined “complex system” and indeterminate “factors” drawn from unspecified “testing” not patent-eligible). In contrast, we held one of *Abele*’s dependent claims to be drawn to patent-eligible subject matter where it specified that “said data is X-ray attenuation data produced in a two dimensional field by a computed tomography scanner.” *Abele*, 684 F.2d at 908-09. This data clearly represented physical and tangible objects, namely the structure of bones, organs, and other body tissues. Thus, the transformation of that raw data into a particular visual depiction of a physical object on a display was sufficient to render that more narrowly-claimed process patent-eligible.

*Bilski*, 545 F.3d at 962-3.

As we have reasonably broadly construed it, claim 58 simply describes a series of computer-implemented steps of gathering data about a

first parcel's size and weight and then using rules (of which we know nothing) to "calculate" and "select" a first carrier's carrier-specific dimensional and billable weights for that first parcel, respectively, based on the gathered data. These carrier-specific dimensional and billable weights represent the *value* of the parcel to the carrier. We do not view the carrier-specific dimensional and billable weights, which are based on unknown carrier-determined rules, as data electronically representing the underlying parcel that would meet the transformation prong of the *Bilski* test. Unlike the patentable claim in *Abele* to which *Bilski* refers, claim 58 does not transform any raw data into, for example, a visual depiction of the parcel.

Furthermore, unlike the claimed method found patentable in *Abele*, there are no steps in claim 58 which are themselves part of an overall process which is statutory.

This analysis is consistent with *In re Abele*, 684 F.2d 902 (CCPA 1982). In *Abele*, a method claim called for the use of X-ray attenuation data, which necessarily involved production, detection, and display with a CAT scan. The method also called for use of an algorithm. We found that the claim was patentable because removal of the algorithm still left all the steps of a CAT scan in the claim; thus, the production and detection could not be considered "mere antecedent steps to obtain values for solving the algorithm.... We view the production, detection, and display steps as manifestly statutory subject matter, and are not swayed from this conclusion by the presence of an algorithm in the claimed method." Id at 908.

*Prometheus Labs., Inc. v. Mayo Collaborative Services*, 581 F.3d 1336, 1348-1349 (Fed. Cir. 2009). All that is occurring is that the parcel's size and weight are inputted and then, via some undefined rules, they are used to "calculate" and "select" a first carrier's carrier-specific dimensional and billable weights for that parcel. While there are token recitations of a computer in claim 58, the computer is present for conducting the inputting

and calculating steps. It is not used to produce electronic data representative of the parcel. It is used to yield a mathematical abstraction, *i.e.*, the parcel's value to a carrier in terms of carrier-specific dimensional and billable weights (based on unspecified rules). *Cf. Abele*, 684 F.2d at 909: "Claim 6 [is directed to patentable subject matter because it] cannot be construed as a mere procedure for solving a given mathematical problem." *See also AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 1358-1359 (Fed. Cir. 1999):

The notion of "physical transformation" can be misunderstood. In the first place, it is not an invariable requirement, but merely one example of how a mathematical algorithm may bring about a useful application. As the Supreme Court itself noted, "when [a claimed invention] is performing a function which the patent laws were designed to protect (*e.g.*, transforming or reducing an article to a different state or thing), then the claim satisfies the requirements of § 101." *Diehr*, 450 U.S. at 192, 101 S.Ct. 1048 (emphasis added). The "*e.g.*" signal denotes an example, not an exclusive requirement.

This understanding of transformation is consistent with our earlier decision in *Arrhythmia*, 958 F.2d 1053, 22 USPQ2d 1033 (Fed.Cir.1992). *Arrhythmia*'s process claims included various mathematical formulae to analyze electrocardiograph signals to determine a specified heart activity. *See id.* at 1059, 22 USPQ2d at 1037-38. The *Arrhythmia* court reasoned that the method claims qualified as statutory subject matter by noting that the steps transformed physical, electrical signals from one form into another form—a number representing a signal related to the patient's heart activity, a non-abstract output. *See id.*, 958 F.2d at 1059, 22 USPQ2d at 1038. The finding that the claimed process "transformed" data from one "form" to another simply confirmed that *Arrhythmia*'s method claims satisfied § 101 because the mathematical algorithm included within the process was applied to produce a number which had specific meaning—a useful, concrete, tangible result—not a mathematical abstraction. *See id.* at 1060, 22 USPQ2d at 1039.

For the foregoing reasons, we are not persuaded by the Appellants' argument. The same argument is made with respect to the rejection of claims 70 and 72. Reply Br. 12-13. But the Appellants do not show and we do not see anything in these claims which could be interpreted as electronic data representative of the parcel that would satisfy the transformation prong of the *Bilski* test.

Because the subject matter of process claims 58-62, 66, 70 and 72 do not satisfy either prong of the *Bilski* machine-or-transformation test, we will sustain the rejection of these claims under 35 U.S.C. §101 as being directed to non-statutory subject matter.

*The rejection of claims 1-5, 58, 59, 70, and 72 under 35 U.S.C. §102(b) as being anticipated by Nicholls.*

To anticipate the claims Nicholls must expressly or inherently describe the claim limitations of calculating a carrier-specific dimensional weight; *e.g.*,

apply[ing] a respective set of carrier-specific dimensional weight calculation rules, for each respective carrier of a plurality of carriers, to the first set of parcel specifications to calculate a respective carrier-specific dimensional weight according to the first set of physical dimensions of the first parcel in view of the first physical weight of the first parcel.  
Claim 1.

The Examiner argues that the claimed calculation of a carrier-specific dimensional weight is described at “columns 21 and 22, line 65” (Answer 8) of Nicholls.

[T]he examiner considers this to be a dimensional weight calculation rule, due to the fact that it calculated the dimensional rate according to carriers specifications, Nicholls discloses each carrier having a set of shipping requirements and

predetermined rate structures, therefore rules, column 2, lines 17-19 and column 4, lines 49-55 and claim 1.

Answer 8. Given the Examiner's indication that the Examiner "considers" the Nicholls disclosure to show the claimed calculation of a carrier-specific dimensional weight, the Examiner would appear to be taking the position that Nicholls inherently describes this claim limitation. That would be the case based on our review of Nicholls since we have not been able to discover any express disclosure of the claimed calculation.

Nor can we discern any inherent disclosure of the claimed calculation in Nicholls. The disclosure at cols. 21 and 22 of Nicholls shows a table with a sample listing of tokens, a brief description of the nature of the value associated with the token, the type declaration of the value, and the maximum length of the value. Col. 13, ll. 11-19. Tokens are messages that pass between client and server having associated data values. Col. 13, ll. 7-10. While the table lists numerous "tokens," one of which is labeled "DIMWT" with an associated data value described as "dimensional weight", we are unable to find any mention of calculating a carrier-specific dimensional weight as claimed. There is no mention for example of,

apply[ing] a respective *set of carrier-specific dimensional weight calculation rules*, for each respective carrier of a plurality of carriers, to the first set of parcel specifications to calculate a respective carrier-specific dimensional weight according to the first set of physical dimensions of the first parcel in view of the first physical weight of the first parcel.

Claim 1.

To the extent the Examiner means to argue that Nicholls would lead one of ordinary skill to make a calculation as claimed given the disclosure of "DIMWT" and a carrier's rate structure and shipping rules (*see* Nicholls, col. 2, ll. 18-19). Nevertheless we are unable to discern from the passages in

Nicholls relied upon by the Examiner that “carrier-specific dimensional weight calculation rules” are necessarily present. These rules appear to be missing from Nicholls. “Inherent anticipation requires that the missing descriptive material is ‘necessarily present,’ not merely probably or possibly present, in the prior art.” *Trintec Indus., Inc. v. Top-U.S.A. Corp.*, 295 F.3d 1292, 1295 (Fed. Cir. 2002) (quoting *In re Robertson*, 169 F.3d 743, 745 (Fed. Cir. 1999)). While it is possible that carrier’s rate structure and shipping rules might include “carrier-specific dimensional weight calculation rules”, “[i]nherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient.” *Hansgirk v. Kemmer*, 102 F.2d 212, 214 (CCPA 1939), quoted in *Continental Can Co. USA v. Monsanto Co.*, 948 F.2d 1264, 1269 (Fed. Cir. 1991).

For the foregoing reasons, we reverse the rejection under §102(b) of claims 1-5, 58, 59, 70, and 72.

*The rejection of claims 7, 71, 73, 78, and 83 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Kara.*

Claims 7, 71, 73, 78, and 83 depend variously from independent claims 1-3 and 58. The Examiner relies on the position that Nicholls describes all the features of the independent claims, the subject matter of which are included in these dependent claims. Since we have determined that Nicholls does not expressly or inherently describe all the features of the independent claims, and the Examiner has not presented a prima facie case of obviousness for the subject matter of those independent claims, we reverse the rejection of these claims.

*The rejection of claims 6, 60, and 61 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Barns-Slavin.*

Claims 6, 60, and 61 depend variously from independent claims 3 and 58. The Examiner relies on the position that Nicholls describes all the features of the independent claims, the subject matter of which are included in these dependent claims. Since we have determined that Nicholls does not expressly or inherently describe all the features of the independent claims, and the Examiner has not presented a prima facie case of obviousness for the subject matter of those independent claims, we reverse the rejection of these claims.

*The rejection of claims 62, 66, 74, and 79 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Jenson.*

Claims 62, 66, 74, and 79 depend variously from independent claims 1, 2, and 58. The Examiner relies on the position that Nicholls describes all the features of the independent claims, the subject matter of which are included in these dependent claims. Since we have determined that Nicholls does not expressly or inherently describe all the features of the independent claims, and the Examiner has not presented a prima facie case of obviousness for the subject matter of those independent claims, we reverse the rejection of these claims.

## CONCLUSIONS

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 58-62, 66, 70 and 72 under 35 U.S.C. §101 as being directed to non-statutory subject matter.

We conclude that the Appellants have shown that the Examiner erred in rejecting claims 71 and 73 under 35 U.S.C. §101 as being directed to non-statutory subject matter.

We conclude that the Appellants have shown that the Examiner erred in rejecting claims 1-5, 58, 59, 70, and 72 under 35 U.S.C. §102(b) as being anticipated by Nicholls; claims 7, 71, 73, 78, and 83 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Kara; claims 6, 60, and 61 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Barns-Slavin; and, claims 62, 66, 74, and 79 under 35 U.S.C. §103(a) as being unpatentable over Nicholls and Jenson.

#### DECISION

The decision of the Examiner to reject claims 1-7, 58-62, 66, 70-74, 78, 79, and 83 is affirmed-in-part.

#### AFFIRMED-IN-PART

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